



The Fifth Grant Round

- **Decisions Made by the SRFB At Its December 4-5, 2003, Meeting**
- **Unresolved Issues**
- **Issues Task Force Recommendations**

February 2, 2004

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Background

In past grant cycles, the SRFB Technical Panel has evaluated individual projects submitted by lead entities to the Board for funding. The Panel provided a *high*, *medium* or *low* rating for each project's anticipated benefits to salmon and the certainty that those benefits would be achieved. The SRFB used these ratings in deciding how much funding to apply to each lead entity list and whether to remove from consideration projects that the Panel rated as *low*.

Using the Technical Panel's ratings to help decide how much funding to apply to each lead entity list worked well in the first three grant cycles when there was adequate funding for all of the highly ranked and highly rated projects. In the fourth round, however, there were insufficient funds for all of the highly ranked projects, making it difficult to decide how much funding to apply to each lead entity list. Compounding this problem was the presence of ten highly ranked projects requesting \$750,000 or more each (three of these were over a million dollars). As a result, SRFB staff was not able to find a way to recommend a fund allocation across the 24 lead entity lists that was uniformly scientifically supportable, consistent, and fair. Assuming that the quality of projects continues to improve and funding does not grow accordingly, the decision on how much funding to apply to each lead entity list will not get easier.

Other issues regarding the fourth grant round revolved around the differences in opinion between the SRFB's Technical Panel and lead entity Technical Advisory Groups (TAGs) and Citizens Committees. In some cases these differences were the result of applying a statewide perspective in contrast to a local (watershed) perspective when judging the benefits and certainty of the project. In other cases there were nontechnical reasons that led to a project having a higher rank than its technical merits alone would support. And in some cases, lead entities believe the difference was the result of the Technical Panel not having enough information regarding the project. In the fourth round, the SRFB did not fund two number-one ranked projects and two number-two ranked projects based in part on low ratings from the Technical Panel.

As lead entities learn more about their watersheds and improve their strategies and evaluation processes, there has been a growing perception by lead entities and others that there does not need to be a duplicate technical review of projects by the SRFB. However, providing oversight and accountability for investment of its funds is a major SRFB responsibility.

Overview of the Approach to Fifth Round Funding

- The SRFB will shift from making funding decisions based on the evaluation of individual projects to decisions based on evaluation of the overall list of projects.
- The Board will appoint a Review Panel, composed of five technical and non-technical members and a pool of technical advisors with expertise in a variety of areas of salmon recovery to advise the Panel.

- The Review Panel will evaluate how well each lead entity's project list addresses the priorities and needs identified in the lead entity strategy.
- The Review Panel's technical advisors will review individual projects to make sure they are technically sound. However, they will not otherwise rate, score, or rank projects.
- Lead entities may request to meet with Review Panel members and technical advisors in an informal setting before the lead entity submits its project list to the SRFB. This will provide an opportunity for information sharing, and for concerns and misunderstandings to be addressed early in the process.
- Thirty-three percent of the funds currently estimated for the Fifth Round will be allocated to lead entity project lists based on the following formula:
 - ▷ 19% of the available funds are divided equally among the lead entities,
 - ▷ 6% are allocated based on the number of salmonid river-miles and marine shoreline miles in the lead entity area,
 - ▷ 8% are allocated based on the number of listed species, and
 - ▷ An additional two percent may be allocated as an incentive for lead entities to join together in developing a strategy, recovery planning, or combining project lists. This incentive will be decided at the February 19-20 SRFB meeting. The Board currently estimates that \$26 million will be available for the Fifth Round.
- The remaining sixty-five percent will be allocated based on evaluation of the fit of lead entity lists to the lead entity strategies.

Details of the Fifth Grant Round evaluation and allocation process follow. Answers to questions that have been asked regarding the Fifth Round process can be found in Attachment V.

Details of the Fifth Grant Round Evaluation Process

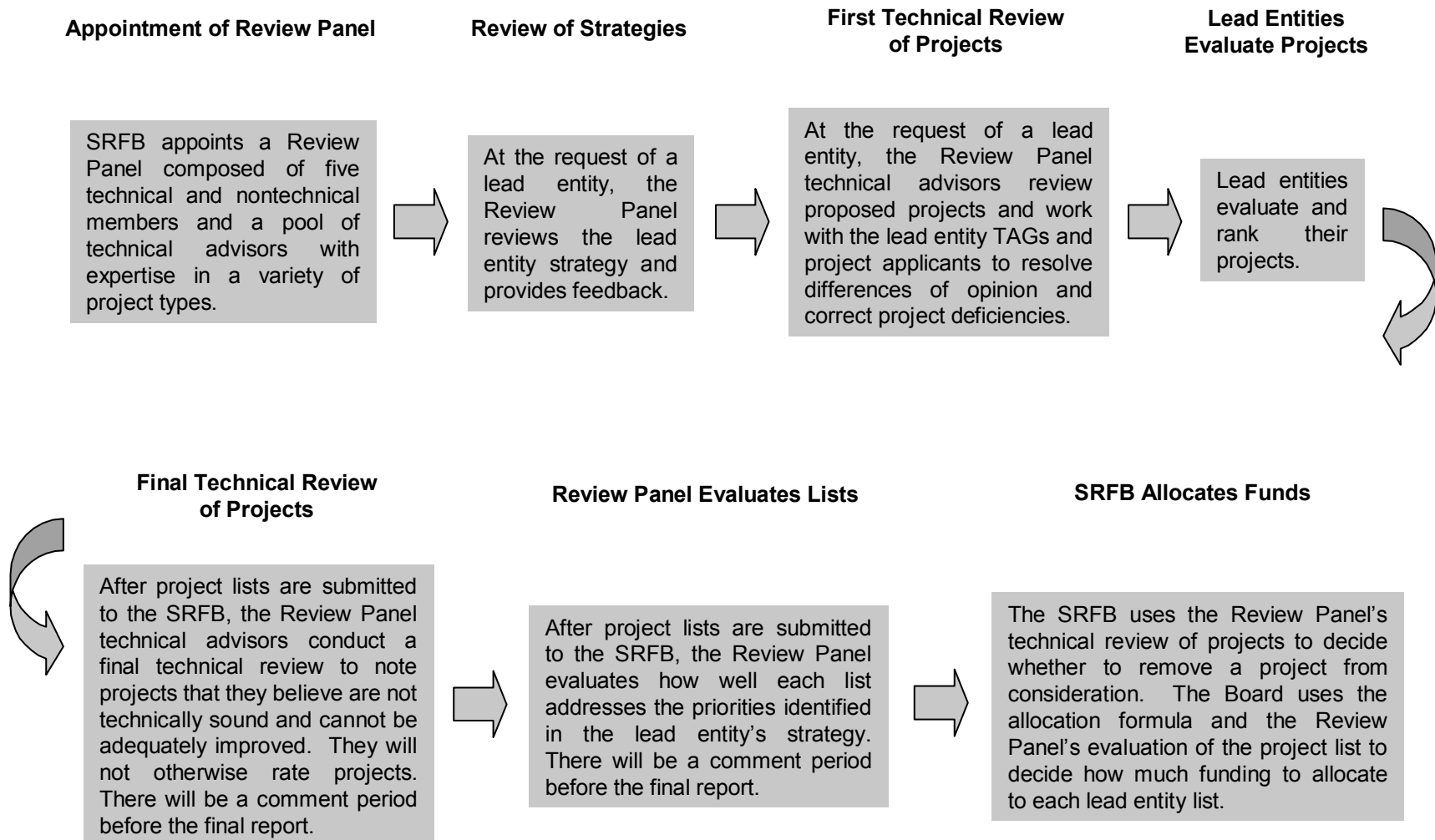
1. SRFB grant application materials and the draft Fifth Round policy manual will be available by February 2, 2004.
2. The SRFB will establish a Review Panel composed of a total of five technical and nontechnical members and a pool of technical advisors with expertise in a number of different project types (see Role of the Review Panel, below, for details). Early in the grant cycle lead entities may request that Review Panel members review the lead entity strategy and meet with lead entity representatives. This will help the Review Panel understand the strategies and should provide feedback to the lead entities that will be useful for this and future grant rounds. Lead entities may choose to update their strategies during winter and spring of 2004 based on the *Guide to Lead Entity Strategy Development* and comments from the Review Panel. However, this is optional. There is no expectation that lead entities would, or should, rewrite

their strategies prior to soliciting projects for the Fifth Round. However, lead entities may want to clarify parts of their strategy or strategy summary, or choose projects in areas where their strategy is seen to be strongest or most specific. **Each lead entity will be required to provide a summary of their strategy in the form of responses to questions addressing “essential information” in the *Guide to Lead Entity Strategy Development*.**

3. The Review Panel will ensure that every project recommended for funding by the Board is technically sound. Before lead entities submit their project lists to the SRFB, lead entities may request to meet with Review Panel technical advisors to review proposed projects. The technical advisors will work with lead entity TAGs and project applicants to learn about proposed projects, attempt to resolve differences of opinion, and provide applicants the opportunity to correct project deficiencies.
4. Lead entities will evaluate and rank their projects. They may use the revised definitions of *benefits* and *certainty* that will be adopted by the SRFB at its February 19-20 meeting or use their own evaluation criteria to rank projects. Lead entities must submit their lists of projects, strategy, and strategy summary to the SRFB by July 16, 2004.
5. After project lists are submitted to the SRFB, the Review Panel technical advisors will conduct a final technical review of all projects. In their report to the SRFB, they will note any projects they believe have low benefit to salmon or low certainty of being successful and cannot be adequately improved (see Attachment II). The Review Panel and its technical advisors will not otherwise rate, score, or rank individual projects. Lead entities will have two weeks to respond to the draft report with clarifying information or changes to the proposed project that address the technical concerns.
6. After project lists are submitted to the SRFB, the Review Panel will evaluate each lead entity's list of projects as a whole. The Review Panel will evaluate how well the list addresses the priorities identified in the lead entity's strategy. The Review Panel will use a series of scored evaluation questions (Attachment III). After the Review Panel releases its draft report, lead entities will have two weeks to respond with clarifying information or changes in the proposed project list that address the concerns of the Panel. Lead entity representatives may request to meet with the Panel to discuss the results.
7. The SRFB will make the Fifth Round funding decisions at its December 2-3, 2004 meeting. The Board will use the Review Panel's technical review of projects to decide whether to remove a project from consideration. The Board will use the allocation formula and the Review Panel's rating of the project list to decide how much funding to allocate to each lead entity list.

This process is diagrammed in Figure 1, below. A more detailed timeline can be found in Attachment IV.

Figure 1. Fifth Round Allocation of SRFB Funds



Marine Nearshore Projects

The marine nearshore plays an important role in the life history of salmon. In Puget Sound and several other parts of the state, the marine nearshore portions of a lead entity area are part of a highly interconnected ecosystem that may span multiple lead entity areas.

- The SRFB will encourage all parties with interests in the marine nearshore be participants in the lead entity process.
- The SRFB will urge that all lead entities, nearshore project sponsors, and the SRFB Review Panel use the technical resources identified by the Puget Sound Nearshore Ecosystem Restoration (PSNER) Science Team.
- The Review Panel will utilize technical advisors with expertise in marine nearshore habitat and ecological processes to review the nearshore projects.
- Although the SRFB will only need a determination that a nearshore project is technically sound, the technical advisors evaluating nearshore projects will also rate them for their fit to the PSNER guidance report published earlier in 2003 and for possible future Army Corps of Engineers funding. Projects that are not funded as part of a lead entity list could be considered for funding through these other programs. This approach should not require any additional work by lead entities or project sponsors and could be useful in providing additional funding for marine nearshore projects.

Role of the Review Panel

There will be a Review Panel composed of a total of five technical and non-technical members. The technical members will be experts in salmon recovery with a broad range of knowledge in salmon habitat restoration and protection approaches, an understanding of watershed processes and an ecosystem approach to habitat restoration and protection, and an understanding of strategic planning. Non-technical members will have an understanding of strategic planning, natural resource issues (including salmon recovery and watershed planning), and will have experience in bridging the gap between science and policy and inclusion of the community and stakeholder interests in policy development and decision-making. They will contribute to the Review Panel an understanding of how a project list, and the ranking of projects on the list, responds to community interests and helps build community support for salmon recovery efforts.

Early in the grant cycle the Review Panel will, at the option of each lead entity, review lead entity strategies and provide feedback to the lead entities. The purpose would be to give Review Panel members an early opportunity to understand the strategies, develop a rapport with lead entity representatives, and to provide them with comments. The Review Panel would not evaluate the strategy, nor would there be an expectation that the lead entity would revise the strategy prior to soliciting projects for the Fifth Round. However, lead entities may want to clarify confusing parts of their strategy

(including the strategy summary) or choose projects in areas where their strategy is seen to be strongest or most specific. Later in the grant cycle the Review Panel will be responsible for evaluating lead entity project lists (Attachment III).

The Review Panel will make use of a pool of technical advisors with expertise in a number of different project types (passage, nearshore, assessments, acquisition, in-stream, etc.) to undertake the technical review of proposed projects and provide technical assistance to ensure that they are scientifically sound. Prior to submittal of the projects to SRFB, and at the option of each lead entity, the Review Panel's technical advisors will meet with lead entities and project sponsors to learn about projects, resolve differences of opinion, and provide applicants the opportunity to correct project deficiencies that otherwise would likely be of concern at the final project review stage. After their final review of projects, the technical advisors will identify any projects they believe have low benefit to salmon, a low likelihood of being successful, and/or have costs that outweigh the anticipated benefits of the project. They will not otherwise rate the *benefits* and *certainty* of the projects. See Attachments I, II, and IV for details. A project of concern will be noted to the Review Panel and SRFB but will remain on the project list submitted to the SRFB unless the lead entity decides to withdraw it.

Allocating Funds Across Lead Entity Lists

The allocation of SRFB funds to lead entity lists will be in two increments. Both increments will be distributed by the SRFB at the December 2004 meeting. The first increment will consist of between 33% and 35% of the funds currently estimated to be available for the Fifth Round. This target increment will be allocated to lead entity project lists based on the following formula:

- ▷ 19% of the available funds will be divided equally among the lead entities,
- ▷ 6% will be allocated based on the number of salmonid river-miles and marine shoreline miles in the lead entity area,
- ▷ 8% will be allocated based on the number of listed species, and
- ▷ An additional two percent may be allocated as an incentive for lead entities to join together in developing a strategy, planning, or combining project lists. This will be decided at the February 19-20 SRFB meeting. The Board currently estimates that \$26 million will be available for the Fifth Round.

Issue 1. *At its January meeting, the ITF concluded that lead entities that are undertaking salmon recovery planning at a regional level (one of Washington's seven Salmon Recovery Regions) and are prioritizing habitat restoration and protection projects across the region should receive an additional increment of SRFB grant funds. The only lead entities meeting these criteria at this time are the Lower Columbia and the Snake. The ITF recommends to the SRFB that the project lists from these lead entities share in 2% of SRFB funding in addition to that received for the first and second increments. If the total amount available for the Fifth Round is \$26 million, this would result in an additional \$260,000 for each of the two lead entity lists. The ITF recommended that the SRFB consider increasing the 2% to 4%, which would result in \$520,000 for each project list.*

This first increment of funding will be available to lead entities if there are enough eligible projects to utilize the funds (projects that the SRFB judges to be technically sound based on the recommendations of the Review Panel and its technical advisors).

The second increment—the remaining sixty-five percent—will be allocated based on evaluation of the fit of project lists to the lead entity strategies.

The distribution of the first increment (33%) of SRFB funds across lead entity lists is shown in Table 1 and Figure 2. The table assumes an approximate total funding level for the Fifth Grant Round of \$26,000,000. This amount could change as better funding estimates become available in 2004.

Table I

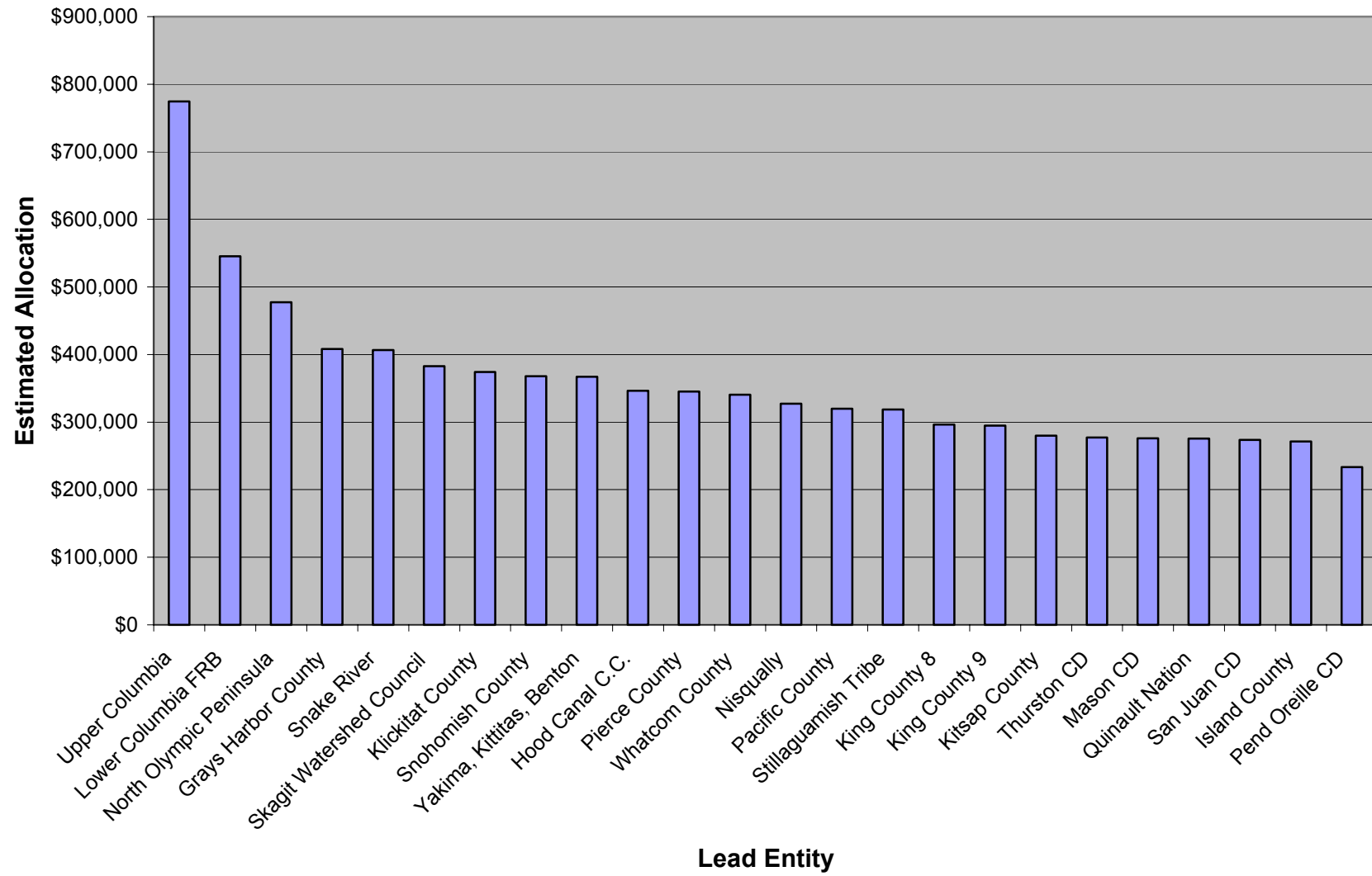
Targeted First Increment of SRFB Funds (33%) Allocated Across Lead Entity Lists

Based on an Estimated Total Amount Available of \$26,000,000

Lead Entity	# of LEs	Amount	Sal. River-Miles + Shoreline Miles*	Amount	# of ESA Species	Amount	Total Targeted First Increment
Grays Harbor County	1	\$190,000	10,856.9	\$179,658	1	\$38,519	\$408,177
Hood Canal C.C.	1	190,000	2,467.5	40,832	3	115,556	346,388
Island County	1	190,000	271.2	4,487	2	77,037	271,524
King County 8	1	190,000	1,771.1	29,309	2	77,037	296,346
King County 9	1	190,000	1,677.6	27,761	2	77,037	294,798
Kitsap County	1	190,000	778.8	12,888	2	77,037	279,925
Klickitat County	1	190,000	1,818.4	30,091	4	154,074	374,165
Lower Columbia FRB	1	190,000	12,177.3	201,509	4	154,074	545,583
Mason CD	1	190,000	536.8	8,883	2	77,037	275,920
Nisqually	1	190,000	3,626.8	60,016	2	77,037	327,053
North Olympic Peninsula	1	190,000	8,051.1	133,229	4	154,074	477,303
Pacific County	1	190,000	5,513.1	91,229	1	38,519	319,748
Pend Oreille CD	1	190,000	298.7	4,943	1	38,519	233,462
Pierce County	1	190,000	4,716.7	78,052	2	77,037	345,089
Quinalt Nation	1	190,000	2,846.7	47,107	1	38,519	275,625
San Juan CD	1	190,000	390.3	6,459	2	77,037	273,496
Skagit Watershed Council	1	190,000	6,998.6	115,813	2	77,037	382,850
Snake River	1	190,000	3,772.3	62,424	4	154,074	406,498
Snohomish County	1	190,000	6,104.5	101,016	2	77,037	368,053
Stillaguamish Tribe	1	190,000	3,112.1	51,499	2	77,037	318,536
Thurston CD	1	190,000	622.1	10,295	2	77,037	277,332
Upper Columbia	3	570,000	5,368.2	88,833	3	115,556	774,388
Whatcom County	1	190,000	4,451.8	73,668	2	77,037	340,705
Yakima, Kittitas, Benton	1	190,000	6,042.9	99,998	2	77,037	367,035
Total	26	\$4,940,000	94,271.9	\$1,560,000	54	\$2,080,000	\$8,580,000

* Note: Data on salmonid river-miles and marine shoreline miles will be verified before use in allocation.

Figure 2. Distribution of the Targeted First Increment of SRFB Funds



Allocation of Funds Based on a Lead Entity List's "Fit to Strategy"

At least sixty-five percent of the funds available for the Fifth Grant Round will be distributed by the SRFB based on the Review Panel's evaluation of each lead entity list's fit to the strategy. The Review Panel will evaluate the "fit to strategy," and the strategy's "specificity" using a series of scored evaluation questions (Attachment III).

Issue 3. *At its January meeting, the ITF discussed how the Review Panel's scores for "strategy specificity" and "fit to strategy" would be used by the SRFB to decide how much funding to apply to each lead entity list. It was agreed that lead entity lists with a higher score for "specificity" and "fit" should receive a greater portion of the second increment of funding than lists with lower scores. Several approaches for translating scores to allocations were discussed without a final recommendation. Three approaches are offered to the Board.*

Approach 1. *Funds would be allocated to each list based on the number of points received from the Review Panel. The total funding available for the second increment would be divided by the total number of points received for the 24 lead entity lists. This calculation would produce a certain number of dollars per point. This number, in turn, would be used to allocate funds to each lead entity list based on the number of points it received from the Panel.*

Approach 2. *The number of points received from the Review Panel would be used to group lead entity lists into four tiers. The tier in which a lead entity list falls would determine the amount of funds to be allocated to the list.*

- *Tier 1: High "fit" and high "specificity." Lists in this tier would receive the greatest number of dollars.*
- *Tier 2: High "fit" and medium "specificity;" medium "fit" and high "specificity."*
- *Tier 3: Medium "fit" and medium "specificity."*
- *Tier 4: Low "fit" and/or low "specificity." Lists in this tier would not receive any funding above that allocated through the first increment.*

Approach 3. *The 24 lead entity lists would be ranked according to the scores received from the Review Panel. The SRFB would look for groupings and break-points in the scores to divide the lists into several tiers. The tier in which a lead entity list falls would determine the amount of funds to be allocated to the list.*

Partially-Funded Projects. *In each of the approaches above, it is likely that the allocation to a given lead entity list would result the lowest ranked project receiving funding to be partially-funded. The ITF discussed two ways to address this:*

- A. If a project receives less than half of the amount requested, the project would not be funded and the funding would be applied to partially-funded projects on other lead entity lists that receive half or more of the amount requested.*
- B. The Board would hold back a portion of the second increment of funding—perhaps 10% of the total funding available—to complete partially-funded projects that could*

Restoration Definition

The grant funds appropriated to the Salmon Recovery Funding Board in the 2003-05 Capital Budget (federal plus state funds) are subject to the following conditions and limitations established by the Legislature: (Sec. 369, SSB 5401):

- (1) *“\$23,187,500 of the appropriation is provided for grants for restoration projects.*
- (2) *The remainder of the appropriation is provided solely for grants for salmon recovery efforts. These grants shall include a grant to any regional recovery board established in the Revised Code of Washington and may include grants for additional restoration projects.”*

In addition to the six types of restoration projects defined in SRFB policy (Manual 18), the Board will consider the restoration portion of a combination project to be a restoration cost. The Board will consider assessment costs to be restoration costs only if they are site-specific designs or feasibility studies that will lead directly to one or more of these six categories of restoration projects. Acquisition costs and costs for other types of assessments will be considered “non-restoration.”

Accommodating the Restoration Minimum

The 2003-05 Capital Budget requires the SRFB to spend a minimum of \$23,187,500 of the Board’s biennial appropriation on restoration projects. Using the current assumption of \$26,000,000 available for the Fifth Grant Round, this would leave \$2,812,500 available for non-restoration projects (acquisition and assessments) and programs and activities funded outside the lead entity process. Federal FY05 funds may increase the amount available for non-restoration projects although it is unlikely this will be known before the completion of the Fifth Round on December 3, 2004.

The SRFB strongly urges lead entities to continue to submit assessment and acquisition projects if these projects address high priorities in the lead entity strategy. Lead entities should not modify their strategies or their mix of high priority projects based on a potential funding limitation from this particular fund source (SRFB funds). The Review Panel will evaluate the fit of the entire project list to the lead entity strategy regardless of the potential scarcity of funds for non-restoration projects.

The total allocation of funds to each lead entity list will not be affected by the limit on funds for non-restoration projects. If there are insufficient funds for acquisition and assessment projects that otherwise would have been funded by the allocation to lead entities’ lists, the Board will decide on the funding of these projects through a separate process. If a lead entity list does not receive enough non-restoration funding for non-restoration projects that otherwise would have been funded, the allocation will be moved down the list to fund additional restoration projects.

Issue 5. *At its January meeting, the ITF examined the three approaches: proration, rank-order, and separate evaluation. These approaches are listed below. However, the ITF recommends that the Board delay making a decision on this issue until late spring or early summer. At that time there will be more information about the amount of funding available for the Fifth Round for non-restoration projects. The amount available will depend on Federal FY04 funding, uncommitted reappropriations from previous grant cycles, first glimpses of the FFY05 budget, and changes resulting from the 2004 Legislature.*

Proration

In this approach, the limited funding for non-restoration projects would be prorated across the lead entity lists in proportion to their total allocation. For example, a lead entity list that was to receive a total allocation of \$1.6 million would receive twice the number of non-restoration dollars than a list with a total allocation of \$0.8 million. The method of calculating this is shown in Attachment A.

Rank Order

In this approach, the Board would fund all of the non-restoration projects that were number one on a lead entity ranked list. If there were more non-restoration funds available, the Board would fund all of the non-restoration projects that were number two on a lead entity ranked list, and so forth until the non-restoration funds were exhausted.

Separate Evaluation

If in August 2005 it appears that there are insufficient funds for non-restoration projects, the Board would evaluate these projects separately. Staff has developed criteria that could be used in this process. This evaluation could be done by the Review Panel, with the participation of the technical advisors, or by the Board.

If Additional Funds Become Available

The state and federal funding estimated to be available for Fifth Round grants, approximately \$26,000,000, does not take into consideration a possible Federal appropriation in FFY 05. It is possible, but not probable, that the level of federal funding for FFY 05 will be known before the December 2004 SRFB meeting.

If the amount of FFY 05 funding is known before the December meeting, the Board could add the additional funding to the total Fifth Round amount, add it to the amount allocated based on "fit to strategy," or set the funding aside for the Sixth Grant Round.

Issue 6. *At its January meeting, the ITF recommended that the Board postpone deciding how to use FFY05 funds until the FFY05 budget begins to take shape.*

Limits on Grant Size (“Caps”)

The Board decided not to place limits (“caps”) on the amount of a SRFB grant award.

Attachment I

Composition and Deployment of the Review Panel Technical Advisors

The Review Panel will utilize a pool of technical advisors to help ensure that every project funded by the Salmon Recovery Funding Board is technically sound. Prior to submittal of the projects to the SRFB, technical advisors will, at the request of the lead entity, meet with lead entity representatives and project sponsors to learn about projects, identify projects of concern, attempt to resolve differences of opinion, and provide applicants the opportunity to correct project deficiencies. After the July submittal of the projects to SRFB, the Review Panel's technical advisors will conduct a final review of projects and note any they believe have low benefit to salmon, a low likelihood of being successful, and/or have costs that outweigh the anticipated benefits of the project¹.

The technical advisors to the Review Panel will have expertise in one or more of the following areas:

- Fish passage projects
- Acquisition projects
- Assessments
- Marine nearshore projects
- Instream projects
- Riparian projects
- Upland restoration projects

As in the Fourth Grant Round, lead entities may invite Review Panel technical advisors to their area at any time during the lead entity's evaluation process. A team of technical advisors may attend TAG meetings, make site visits to some or all proposed projects, and meet with project applicants. The team will consist of at least two members, based on the project types being reviewed. The team will provide the lead entity with written comments after the visit. The project applicants or lead entity must have entered project information in PRISM or provided a letter of intent summarizing the project two weeks prior to the visit to give the technical advisors written information about projects they will be reviewing.

After submission of projects to the SRFB, the Review Panel technical advisors will meet for a final review of all projects and to make a final decision whether to note projects of concern for the Review Panel and SRFB. Emphasis will be placed on reviewing projects of concern identified during the lead entity visits. After release of the draft report, lead entities will have two weeks to respond in order to provide additional information or to make changes in projects in order to address the technical advisors' concerns.

¹ These projects will remain on the project lists evaluated by the Review Panel and forwarded to the SRFB unless the lead entity decides to withdraw them. Only the SRFB has the authority to remove a project from the lead entity list.

Attachment II

Technical Review and Evaluation of Projects

To help ensure that every project funded by the Salmon Recovery Funding Board is technically sound the Review Panel's technical advisors will note for the Review Panel and SRFB any projects they believe have low benefit to salmon, a low likelihood of being successful, and/or have costs that outweigh the anticipated benefits of the project². The technical advisors will not otherwise rate, score, or rank projects. The Review Panel technical members will take into account that at the time of application to the SRFB, some restoration projects will not have been completely designed and some acquisition projects may not have specific parcels identified. It is expected that projects will follow BMPs, when available, and will meet any state and federal permitting requirements.

Proposed Criteria

The criteria below are based on the SRFB's definitions of low *certainty* and low *benefit* and modifications to those definitions that are currently being circulated for public comment.

Issue 2. *As of its January 8-9 meeting, the ITF had not received any comments on the criteria below. Therefore the members decided not to discuss them but rather to forward them to the SRFB for approval.*

For restoration and protection projects, the technical advisors will advise the Review Panel that a project is not technically sound and cannot be significantly improved if:

- It is unclear there is a problem to salmonids the project is addressing.
- Information provided, or current understanding of the system, is not sufficient to determine the need for, or the benefit of, the project.
- The project is dependent on other key conditions or processes being addressed first.
- The project has a high cost relative to the anticipated benefits and the project sponsor and lead entity have failed to justify the costs.
- The project does not account for the conditions or processes in the watershed.
- The project may be in wrong sequence with other habitat protection, assessments or restoration actions in the watershed.
- The project uses a technique that has not been considered to be successful in the past.
- It is unclear how the project will achieve its stated objectives.

² These projects will remain on the project lists evaluated by the Review Panel and forwards to the SRFB unless the lead entity decides to withdraw them. Only the SRFB has the authority to remove a project from the lead entity list.

- It is unlikely that the project will achieve its stated objective.
- There is low potential for threat to habitat conditions if the protection project is not completed.
- The project design is not adequate or the project is improperly sited.
- The stewardship plan is insufficient or there is inadequate commitment to stewardship and maintenance of the project and this would likely jeopardize the project's success.

In addition to applying the above criteria, the technical advisors will also advise the Review Panel if they believe the project has not been shown to address an important habitat condition or watershed process in the area or if the project's main focus is to support other needs such as general education, property protection or water supply.

For assessment projects, the project will be red-flagged by the technical advisors if:

- It is not clear there is a problem to salmonids the project is addressing.
- The project does not address an information need important to understanding the watershed, is not directly relevant to project development or sequencing, and will not clearly lead to beneficial projects.
- The approach does not appear to be appropriate.
- The project has a high cost relative to the anticipated benefits.
- The assessment does not account for the conditions or processes in the watershed, or may be in the wrong sequence with other habitat assessment or restoration activities.
- The assessment uses a technique that has not been proven successful in past applications.
- There are significant constraints to the implementation of high priority project(s) following completion of the assessment.
- It is unclear how the assessment will achieve its stated objectives.
- It is unlikely that the assessment will achieve its stated objective.

In addition to applying the above criteria, the technical advisors will also advise the Review Panel if they believe the project minimally addresses a limiting life history stage or habitat type that limits salmon productivity or its main focus is to support other needs such as general education, property protection, or water supply.

Attachment III

Evaluation Criteria for “Specificity of Strategy” and “Fit to Strategy”

The SRFB’s Review Panel will evaluate how well each lead entity’s list of projects addresses the priorities identified in the lead entity’s strategy. To provide a method to accomplish this that is consistent and “transparent” to lead entities, SRFB staff and the ITF is proposing that the Review Panel use a series of scored evaluation questions.


The SRFB agreed that it would be inappropriate to evaluate the quality of lead entity strategies for the Fifth Grant Round since there has been too little time for lead entities to react to the comments from the Fourth Round Technical Panel and the new *Guide to Lead Entity Strategy Development*. However, it is difficult to evaluate how well a lead entity’s list of projects addresses the priorities identified in the lead entity’s strategy if the strategy is vague, nonspecific, or lacks focus. Therefore, the Review Panel will also evaluate the specificity and focus of strategies.

Issue 3. *In the approach proposed by the ITF (below) at its January meeting, the Review Panel would evaluate the focus and specificity (“specificity”) of a strategy in four categories, producing a possible score between zero and one. The fit of a project list to the strategy (“fit to strategy”) would be evaluated in two different categories, producing a possible score between zero and 15. The resulting score for “fit to strategy” is then multiplied by the score for “focus and specificity” to produce a final score between zero and 15.*

Specificity and Focus of Strategy

The Review Panel’s evaluation of the specificity and focus of a strategy will be performed in four categories: species, habitat features and watershed processes, actions and geographic areas, and community issues. These areas are based on the *Guide to Lead Entity Strategy Development*. For each of the four categories the Review Panel will use scores ranging from zero to five points. The points will be added after applying the appropriate multipliers and then divided by the maximum possible number of points (40), resulting in a score for “specificity” that ranges from zero to 1.0. A strategy that is vague, nonspecific and lacks focus would score low while a strategy that is very specific and focused would score near or at 1.0.

Species and stocks³

	<u>Points</u>	<u>Specificity</u>	<u>Criteria</u>
	5	Excellent	The strategy identifies all stocks ⁴ in the lead entity area, and the status of each stock. One or more stocks are prioritized and the lead entity's ranking criteria ⁵ reflect these priorities ⁶ .
	4	Very Good	
	3	Good	
	2	Fair	
	1	Poor	
	0	Not Specific	Stocks are not prioritized in the strategy or ranking criteria.

The Review Panel will consider:

- Does the strategy clearly identify all of the stocks in the WRIA(s) comprising the lead entity area?
- Is the status of each stock presented?
- Are one or more stocks prioritized for habitat restoration and/or protection actions?
- Is there a clear rationale for establishing those priorities?
- Do the project ranking criteria reflect the priorities?

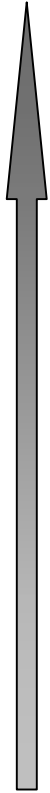
³ See *A Guide to Lead Entity Strategy Development*, October 10, 2003, for details.

⁴ "Stock" is a salmonid subpopulation as designated in the *Salmon and Steelhead Stock Inventory*. Alternatively, lead entities may choose the term "population" as used by NOAA-Fisheries.

⁵ The Review Panel will expect that the ranking criteria used by the lead entity will be part of the lead entity strategy or will be submitted with the strategy.

⁶ This means that the lead entity has identified one or several species or stocks as the highest priority for habitat protection and/or restoration actions. Lead entities are not expected to prioritize one listed species or stock over another, although they may want to prioritize one listed stock of the same species over another if NOAA-Fisheries or USFWS recovery documents have identified high priority populations for their area. A lead entity may also choose to prioritize unlisted species and stocks. If a lead entity strategy adopts a multispecies approach, it is important that the species or stocks be identified along with the rationale for selecting them.

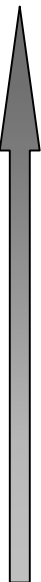
Habitat features and watershed processes

	<u>Points</u>	<u>Specificity</u>	<u>Criteria</u>
	5	Excellent	The strategy clearly identifies limiting habitat features and watershed processes and prioritizes these habitat features and watershed processes for the benefit of priority species and stocks; the lead entity's ranking criteria reflect these priorities.
	4	Very Good	
	3	Good	
	2	Fair	
	1	Poor	
	0	Not Specific	The strategy does not identify or prioritize limiting habitat features and watershed processes.

The Review Panel will consider:

- Does the strategy clearly identify watershed processes (i.e., habitat forming processes) that are limiting factors for prioritized stocks?
- Does the strategy clearly identify habitat features (i.e., habitat conditions) that are limiting factors for prioritized stocks?
- Does the strategy prioritize limiting watershed processes?
- Does the strategy prioritize limiting habitat features?
- Do the project ranking criteria reflect the above priorities?

Actions and geographic areas

	<u>Points</u>	<u>Specificity</u>	<u>Criteria</u>
	5	Excellent	The strategy clearly identifies and prioritizes specific actions and geographic areas and the project ranking criteria reflect these priorities ⁷ .
	4	Very Good	
	3	Good	
	2	Fair	
	1	Poor	
	0	Not Specific	The strategy does not prioritize actions and areas.

The Review Panel will consider:

- Does the strategy clearly identify specific actions for restoration and/or protection of targeted habitat features and watershed processes?
- Does the strategy prioritize actions for restoration and/or protection of targeted habitat features and watershed processes?
- Does the strategy identify specific geographic areas associated with prioritized actions?
- Do the project ranking criteria reflect these priorities?

⁷ Not all priority actions need to translate into priority areas of the watershed but all priority areas should have priority actions. See the *Guide to Lead Entity Strategy Development*.

Community issues

<u>Points</u>	<u>Specificity</u>	<u>Criteria</u>
5	Excellent	The strategy clearly identifies community issues and concerns, describes how these concerns are taken into consideration in developing and prioritizing project lists, and proposes specific actions for building or maintaining community support for highest biological priority actions and areas.
4	Very Good	The strategy clearly identifies community issues and concerns and proposes actions for building or maintaining general community support for habitat restoration and/or protection but not specifically for priority actions and areas. The project evaluation criteria recognize community values of proposed projects and how a project would help build community support for other habitat restoration or protection efforts.
3	Good	The strategy identifies community issues and concerns but does not propose actions for building or maintaining community support. The project evaluation criteria recognize community values of proposed projects, including community support, but not how a project would help build community support for other habitat restoration or protection efforts.
2	Fair	The strategy is vague or non-specific about community issues. The project evaluation criteria recognize community values of proposed projects, including community support, but not how a project would help build community support for other habitat restoration or protection.
1	Poor	The strategy is vague or non-specific about community issues. The project evaluation criteria recognize only the community support of proposed projects but not how a project would help build community support for other habitat restoration or protection.
0	Not Specific	The strategy does not identify community issues and concerns and does not propose actions for building or maintaining community support. Community issues are not considered in the project evaluation criteria.

The Review Panel will consider:

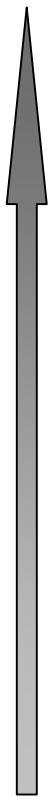
- Does the strategy clearly identify community issues and concerns regarding salmon habitat protection and restoration?
- Does the strategy propose specific actions for building or maintaining community support for salmon protection and restoration efforts?
- Does the strategy propose specific actions for building or maintaining community support for highest biological priority actions and areas?
- Does the strategy prioritize these actions?
- Do the project ranking criteria reflect these priorities?

Fit of the Project List to the Strategy

The Review Panel's evaluation of the fit of the lead entity list of projects to the lead entity strategy will be performed using two categories: priority actions and areas, and project ranking. These areas are based on the *Guide to Lead Entity Strategy Development*. For each of the evaluation categories, the Review Panel will use scores ranging from zero to five points. The scores will be added after applying the appropriate multipliers, resulting in a total score for "fit to strategy" for each lead entity list (see table).

The five-point range for each category is considered a continuum. The outline below defines the extremes (zero and five points) and provides guidance to Review Panel members for choosing a value within that range.

Actions and geographic areas

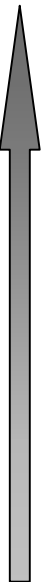
	<u>Points</u>	<u>Fit</u>	<u>Criteria</u>
	5	Excellent	The entire project list addresses the highest priority actions and areas ⁸ , benefiting the highest priority stocks and the highest priority habitat features and watershed processes.
	4	Very Good	Over two thirds of the project list addresses the highest priority actions and areas, benefiting the highest priority stocks and the highest priority habitat features and watershed processes. The entire list benefits the highest priority stocks.
	3	Good	Over half of the project list addresses the highest priority actions and areas, benefiting the highest priority stocks and the highest priority habitat features and watershed processes. Most of the list benefits the highest priority stocks.
	2	Fair	Most of the list benefits priority stocks but does not address the highest priority actions and areas. Much of the list may benefit habitat features but not the underlying watershed processes
	1	Poor	Part of the list benefits priority stocks but does not address the highest priority actions and areas or habitat features and watershed processes
	0	Does Not Fit	There is no connection between the project list and priorities addressed in the strategy.

The Review Panel will consider:

- The extent the project list addresses the highest priority action and areas, and
- The extent that those actions and areas benefit the highest priority stocks, limiting watershed processes, and limiting habitat features.

⁸ Not all priority actions need to translate into priority areas of the watershed but all priority areas should have priority actions. See the *Guide to Lead Entity Strategy Development*.

Fit of project ranking



<u>Points</u>	<u>Fit</u>	<u>Criteria</u>
5	Excellent	The rank <u>order</u> of the entire list of projects fits the highest priorities (stocks, habitat features, watershed processes, actions, geographic areas, community issues) presented in the strategy.
4	Very Good	The rank <u>order</u> of the most of the list of projects fits the highest priorities presented in the strategy.
3	Good	The rank <u>order</u> of the over half of the list of projects fits the highest priorities presented in the strategy.
2	Fair	The rank <u>order</u> of about a quarter of the list of projects fits the highest priorities presented in the strategy.
1	Poor	The rank <u>order</u> of only one or two projects fits the highest priorities presented in the strategy.
0	Does Not Fit	There is no clear justification for why projects are ranked the way they are.

The Review Panel will consider the extent the rank order of the project list addresses the highest priority:

- Stocks
- Limiting watershed processes
- Limiting habitat features
- Actions
- Geographic areas
- Community interests

Combining the Results

The tables below combine the scores for each category. Several categories were given extra weight based on relative importance.

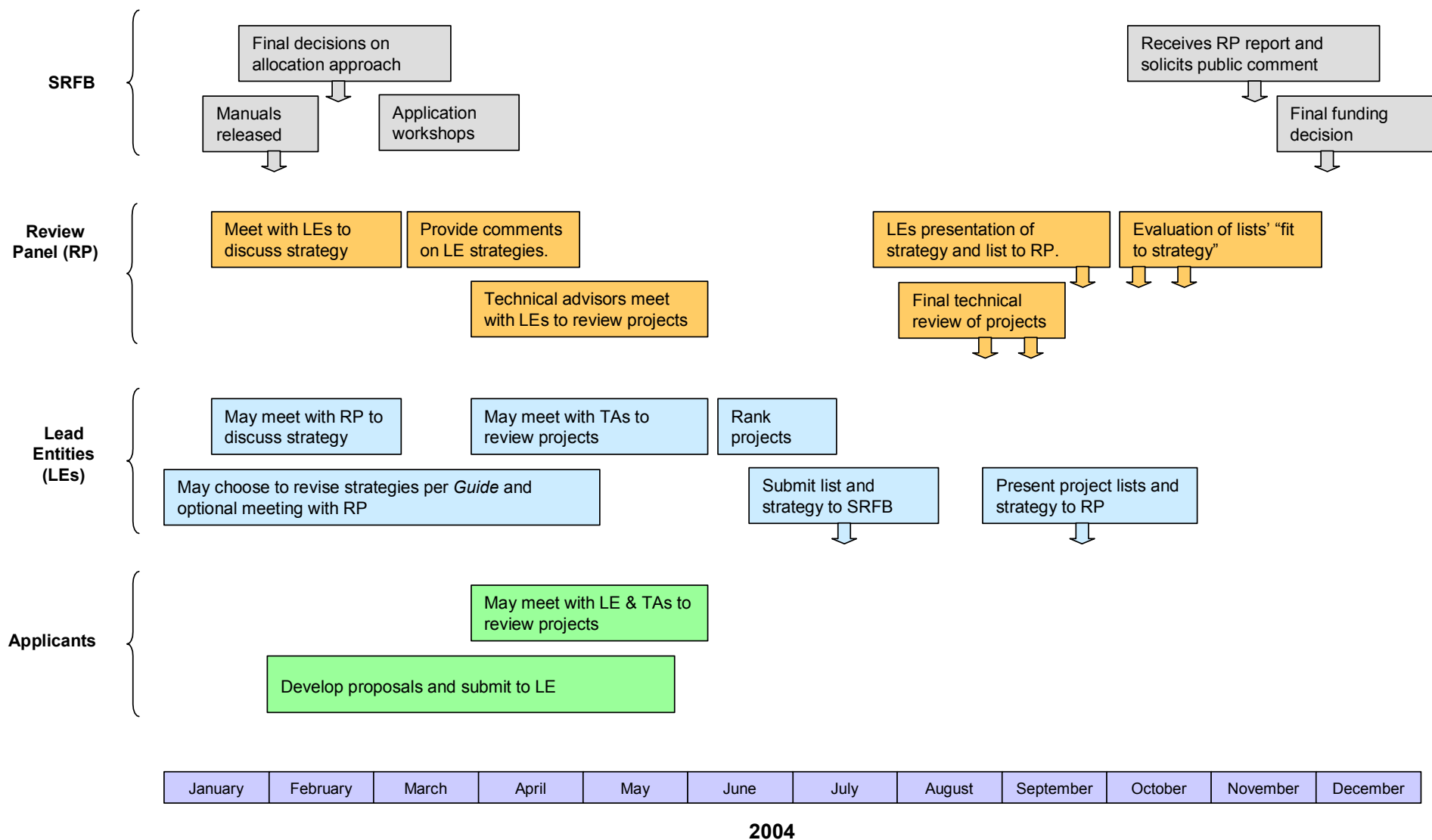
<u>Criteria: Specificity and Focus of Strategy</u>	<u>Multiplier</u>	<u>Total Possible Points</u>
Targeted species	1	5
Targeted habitat features and watershed processes	2	10
Priority actions and areas	3	15
Community issues	2	10
Total possible points for specificity		40
Score for "specificity and focus" = (Total Points)/40		1.00

<u>Criteria: Fit to Strategy</u>	<u>Multiplier</u>	<u>Total Points</u>
Priority actions and areas	2	10
Fit of project <u>ranking</u>	1	5
Total possible points for fit to strategy		15

Total Score = ("Specificity and Focus" Score) x ("Fit to Strategy" Score)

Attachment IV

Fifth Grant Round Timeline as of February 2, 2004



Note: The arrows indicate specific dates to be set by the SRFB. The first of the double arrows indicates the date when the Review Panel or Technical Advisors release their draft report. The second arrow indicates when they would receive comments from lead entities. Dates will be set in early 2004.

Attachment V

Questions and Answers Regarding the Fifth Grant Round

1. How much money is available for Fifth Round grants?

The current estimate is \$26,000,000. This could decrease slightly or could increase if there is funding for the SRFB in the Federal FY05 budget and it is known in time for the Fifth Round.

2. With most of the Fifth Round funds potentially restricted to restoration projects, will this reduce the amount of funds available for my list of projects? Should I revise my strategy? Change my mix of projects?

*The Review Panel will evaluate the fit of the entire project list to the lead entity strategy regardless of the potential scarcity of funds for non-restoration projects. **The SRFB strongly urges that lead entities continue to submit acquisition and assessment projects if these projects are important to address high priorities in the lead entity strategy. Lead entities should not modify their strategies or their mix and rank of high priority projects based on a potential funding limitation from this particular source (SRFB).** The total allocation to each lead entity list will not be affected unless there are insufficient eligible projects to use the allocation. However, lead entities with mostly acquisition and assessment projects may also want to submit restoration projects in the event that there are insufficient non-restoration funds available.*

3. Are lead entities required to meet with the Review Panel early in the Fifth Round to discuss their strategies?

No. However, the SRFB is offering this opportunity to lead entities and believes it is important. It would give Review Panel members an early opportunity to understand the strategies, ask questions, and to provide lead entities with comments. There would not be an expectation or requirement that the lead entity would revise the strategy prior to soliciting projects for the Fifth Round. However, lead entities may want to clarify confusing parts of their strategy or choose projects in areas where their strategy is seen to be strongest or most specific.

4. Are lead entities required to meet with the Review Panel's technical advisors early in the Fifth Round to discuss proposed projects?

No. However, the SRFB believes this is also an important opportunity for lead entities and project applicants. It gives the Review Panel technical advisors a chance to learn about the proposed projects, identify areas of concern, attempt to resolve differences of opinion, and provide applicants the opportunity to correct project deficiencies. Lead entities may invite Review Panel technical advisors to their area at any time during the lead entity's evaluation process. Technical advisors may attend TAG meetings, make site visits to some or all proposed projects, and meet with project sponsors.

5. Do the new *Guide to Lead Entity Strategy Development* and this new approach to allocating SRFB funds mean I have to change my strategy?

The Board recognizes that there is not time to do this for the Fifth Round (see question 3) although this may be a good time to begin revising strategies for the Sixth Round and for integration into regional recovery plans. However, to provide the SRFB with information on strategies in a consistent manner, the Board is asking each lead entity to submit a summary of their strategy in the form specified on page 3 of the Guide. Lead entities do not need to restructure their strategies to provide this information.

6. Does “targeting species” and “prioritizing stocks” mean I can’t use a multi-species approach or that I can’t target all of the species or stocks in my watershed(s)?

No. It means that a strategy should be clear about what species and stocks are being targeted for restoration and protection actions and what the rationale is for that decision. Lead entities are not expected to prioritize one listed species over another. They may want to prioritize one listed population over another population of the same species if there is direction from NOAA-Fisheries regarding priority populations. If there are a number of unlisted stocks within a lead entity area, lead entities may choose to designate which ones have the highest priority for restoration or protection actions. When a lead entity strategy adopts a multispecies approach, it is important that the species are identified in the strategy along with the rationale for selecting them.

7. Is each lead entity’s portion of the first increment of SRFB funding (the 33-35%) guaranteed? Would I benefit by taking this into consideration when I rank my list of projects?

This targeted first increment of SRFB funding will be available to lead entities only if there are enough eligible projects to utilize the funds (projects that the SRFB judges to be technically sound based on the recommendation of the Review Panel and its technical advisors). Lead entities should rank all projects according to priorities established in their strategies. When the Review Panel evaluates how well a project list fits a lead entity strategy it will take into consideration the entire list, not just the portion in the second increment of funding. If the rank order of the list does not reflect the priorities in the lead entity strategy, the lead entity will lose points in this part of the evaluation and could receive a smaller portion of the second funding increment.

8. Is there an advantage to moving a lower ranked project higher on my list so it will get funded in the first increment?

The Board strongly urges that the rank order of a lead entity’s list truly reflect the priorities identified in the lead entity’s strategy. If a lead entity places a lower priority project at the top of the list, it will reduce the number of points for “Fit of Project Ranking” and thus reduce the amount of funding received in the second increment.

9. Why is there a bias for listed species? Isn't it important to keep unlisted species from becoming listed?

Statutes governing the SRFB and restrictions on federal funding require the Board to give priority to listed species. The Board will address this requirement in the allocation of the first increment of grant funds, where 8% of the total funding available will be allocated based on the number of listed species. The remainder of the SRFB funds will be awarded based on other factors. It is possible, however, that requirements for Federal FY04 funds, predicted to be approved by Congress in mid- or late December, may have additional requirements regarding listed species.

10. There seems to be two layers of review by the SRFB. Is this getting more complicated?

Evaluating how well a list of projects addresses the priorities in a lead entity strategy takes a very different set of skills, knowledge, and expertise than does evaluating the technical aspects of individual projects. The SRFB decided to establish a Review Panel with the qualifications necessary to evaluate the fit of a project list to the lead entity strategy (see page 6). The Panel will use a pool of technical advisors with expertise in specific project types to advise the Panel and SRFB on the technical aspects of projects. The new process incorporates a number of elements requested by lead entities. The goal is to put the Review Panel and its advisors in more of a collaborative role, reduce misunderstandings, and give lead entities and project applicants an opportunity to make changes before the formal evaluation phase.

11. What is left for the SRFB to decide in February? Will I get a chance to comment?

There are several issues remaining for the Board to decide at its February 19-20, 2004, meeting. Comments on the issues below are welcome at any time. The Issues Task Force will be discussing these issues at its January 8-9, 2004, meeting and there is a LEAG meeting scheduled on February 4, 2004. As options and recommendations are developed, they will be circulated for additional comments.

- ▷ *Should an additional two percent be allocated in the first funding increment as an incentive for lead entities to join together in developing a strategy, planning, or combining project lists (page 6)? If so, based on what criteria?*
- ▷ *What criteria should the Review Panel's technical advisors use when reviewing projects to ascertain if they are technically sound? (Attachment II)*
- ▷ *What should the specific wording and relative weights be for the questions used to evaluate how well a project list addresses the priorities of the lead entity strategy and how specific and focused the strategy is? (Attachment III)*
- ▷ *How will the Board use the Review Panel's report, public comments, and the Board's review of strategy outlines and project summaries to allocate the second increment of SRFB funding across lead entity project lists (page 10)?*
- ▷ *If, as a result of the state budget requirement that \$23.2 million of SRFB funds be spent on restoration projects, there are insufficient funds for high ranked*

acquisition and assessment projects, how will the Board decide which ones to fund (page 11)?

- ▷ *How will the Board award Federal FY05 funds if they become available in time for the Fifth Round (page 12)?*

The Board will also be adopting the new definitions of benefits to salmon and certainty of success that will be available for use by lead entities if they choose to use them.